

CONTRACT #4
RFS # 350.50-045

**Department of Finance &
Administration
Division of Insurance
Administration**

VENDOR:
**BlueCross BlueShield of
Tennessee, Inc.**



**STATE OF TENNESSEE
DEPARTMENT OF FINANCE AND ADMINISTRATION
INSURANCE ADMINISTRATION**

312 Eighth Avenue North
Suite 2600 William R. Snodgrass Tennessee Tower
Nashville, Tennessee 37243
FAX (615) 253-8556

Dave Goetz
COMMISSIONER

Richard Chapman
EXECUTIVE DIRECTOR

RECEIVED

JUL 13 2007

FISCAL REVIEW

MEMORANDUM

To: James White, Executive Director, Fiscal Review Committee

From: Richard Chapman 

Date: July 12, 2007

RE: Amendment for CoverKids to add American Indian/Alaska Native Category

Please find attached a Non-Competitive Amendment request to add language to the existing contract with BlueCross BlueShield of Tennessee signed by Commissioner Goetz. The modification to the CoverKids contract through this amendment provides for the addition of a category of eligible individuals who are American Indian or Alaska Native individually or collectively, "AI/AN". Pursuant to the CoverKids State Plan and as required by Federal law, individuals who are AI/AN, as defined by the Indian Health Care Improvement Act of 1976 and certified by the Administrative Contractor, will be exempt from all cost sharing to the extent that such children are covered by SCHIP. The amendment adds this group and details the applicable premium payments for the provision of this service. This amendment is required in order to be in compliance with SCHIP federal regulations.

The base contract is included as is a draft of the amendment created to address the inclusion of this category of eligible individuals for the CoverKids program.

Thank you for your consideration of this request.



**STATE OF TENNESSEE
DEPARTMENT OF FINANCE AND ADMINISTRATION
INSURANCE ADMINISTRATION**

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Suite 2600 William R. Snodgrass Tennessee Tower
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Dave Goetz
COMMISSIONER

Richard Chapman
EXECUTIVE DIRECTOR

MEMORANDUM

TO: Commissioner M. D. Goetz, Jr.

FROM: Richard Chapman 

DATE: July 11, 2007

RE: Amendment for CoverKids to add American Indian/Alaska Native Category

This is to request a start date for the amendment to the BlueCross BlueShield of Tennessee contract for administration of the CoverKids plan to add a category of eligible individuals who are American Indian or Alaska Native individually or collectively, "AI/AN". Pursuant to the CoverKids State Plan and as required by Federal law, individuals who are AI/AN, as defined by the Indian Health Care Improvement Act of 1976 and certified by the Administrative Contractor, will be exempt from all cost sharing to the extent that such children are covered by SCHIP. The amendment adds this group and details the applicable premium payments. This amendment is required in order to be in compliance with SCHIP federal regulations.

This request is in advance of 60 days after the receipt of the non-competitive contract amendment request provided to you for your approval.

Thank you for your consideration of this request.

REQUEST: NON-COMPETITIVE AMENDMENT

APPROVED

Commissioner of Finance & Administration

Date:

EACH REQUEST ITEM BELOW MUST BE DETAILED OR ADDRESSED AS REQUIRED.

1) RFS #	#350.50-045-07	
2) State Agency Name :	Finance and Administration	
EXISTING CONTRACT INFORMATION		
3) Service Caption :	Adds American Indian and Alaska Native to CoverKids plan	
4) Contractor :	BlueCross BlueShield of Tennessee	
5) Contract #	FA-07-20600-00	
6) Contract Start Date :	February 12, 2007	
7) <u>Current</u> Contract End Date IF <u>all</u> Options to Extend the Contract are Exercised :	December 31, 2011	
8) <u>Current</u> Total Maximum Cost IF <u>all</u> Options to Extend the Contract are Exercised :	\$500,000,000	
PROPOSED AMENDMENT INFORMATION		
9) <u>Proposed</u> Amendment #	# 1	
10) <u>Proposed</u> Amendment Effective Date : (attached explanation required if date is < 60 days after F&A receipt)	June 1, 2007	
11) <u>Proposed</u> Contract End Date IF <u>all</u> Options to Extend the Contract are Exercised :	December 31, 2011	
12) <u>Proposed</u> Total Maximum Cost IF <u>all</u> Options to Extend the Contract are Exercised :	\$500,000,000	
13) Approval Criteria : (select one)	<input checked="" type="checkbox"/> use of Non-Competitive Negotiation is in the best interest of the state <input type="checkbox"/> only one uniquely qualified service provider able to provide the service	
14) Description of the Proposed Amendment Effects & Any Additional Service :		
Pursuant to the CoverKids State Plan and as required by Federal law, this amendment addresses the exemption from all cost sharing for American Indian and Alaska Native individuals as defined by the Indian Health Care Improvement Act of 1976 under SCHIP.		
15) Explanation of Need for the Proposed Amendment :		
This amendment is necessary to bring the CoverKids program into complete compliance with Federal requirements regarding this		

group of individuals and SCHIP cost sharing exemptions.

16) Name & Address of Contractor's Current Principal Owner(s) :
(not required if proposed contractor is a state education institution)

BlueCross BlueShield of Tennessee, Inc., 801 Pine Street - 4G, Chattanooga, TN 37402

17) Documentation of Office for Information Resources Endorsement :
(required only if the subject service involves information technology)

select one:



Documentation Not Applicable to this Request



Documentation Attached to this Request

18) Documentation of Department of Personnel Endorsement :
(required only if the subject service involves training for state employees)

select one:



Documentation Not Applicable to this Request



Documentation Attached to this Request

19) Documentation of State Architect Endorsement :
(required only if the subject service involves construction or real property related services)

select one:



Documentation Not Applicable to this Request



Documentation Attached to this Request

20) Description of Procuring Agency Efforts to Identify Reasonable, Competitive, Procurement Alternatives :

This vendor currently provides the services for CoverKids and this amendment serves to add a category of individuals already eligible under Federal guidelines for SCHIP programs.

21) Justification for the Proposed Non-Competitive Amendment :

The SCHIP guidelines mandate this exemption regarding cost sharing in order for the state to be eligible for Federal financial assistance.

REQUESTING AGENCY HEAD SIGNATURE & DATE :

(must be signed & dated by the ACTUAL procuring agency head as detailed on the Signature Certification on file with OCR— signature by an authorized signatory will be accepted only in documented exigent circumstances)



Agency Head Signature

2/9/07

Date

C O N T R A C T S U M M A R Y S H E E T

B-8-05

RFS #		Contract #	
350.50-045-07		FA-07-20600-	
State Agency		State Agency Division	
Dept. of Finance and Administration		Division of Insurance Administration	
Contractor Name		Contractor ID # (FEIN or SSN)	
Blue Cross Blue Shield of Tennessee, Inc.		<input type="checkbox"/> C- or <input checked="" type="checkbox"/> V- 62-0427913	
Service Description			
To provide statewide administrative services for the CoverKids program.			
Contract Begin Date	Contract End Date	SUBRECIPIENT or VENDOR?	CFDA #
February 13, 2007	December 31, 2009	Vendor	93.767

Mark, if Statement is TRUE

<input checked="" type="checkbox"/> Contractor is on STARS as required			<input checked="" type="checkbox"/> Contractor's Form W-9 is on file in Accounts as required		
Allotment Code	Cost Center	Object Code	Fund	Funding Grant Code	Funding Subgrant Code
350.50	200	084	11		
FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2007	\$1,285,877	\$3,768,670			\$5,054,547
2008	17,284,164	50,656,731			67,940,895
2009	26,365,791	77,273,323			103,639,114
2010	32,648,028	95,685,415			128,333,443
2011	34,233,881	100,333,263			134,567,144
2012	15,382,260	45,082,597			60,464,857
TOTAL:	\$127,200,001	\$372,799,999			\$500,000,000

— COMPLETE FOR AMENDMENTS ONLY —

FY	Base Contract & Prior Amendments	THIS Amendment ONLY	State Agency Fiscal Contact & Telephone #
FY: 2007			Maureen Abbey 20 th Floor, Tennessee Tower 615-741-6070
FY: 2008			State Agency Budget Officer Approval
FY: 2009			
TOTAL:	\$500,000,000.00	\$500,000,000.00	
End Date:	Dec. 31, 2009	Dec. 31, 2009	

Contractor Ownership

<input type="checkbox"/> African American	<input type="checkbox"/> Disabled	<input type="checkbox"/> Hispanic	<input type="checkbox"/> Small Business	<input checked="" type="checkbox"/> NOT minority/disadvantaged
<input type="checkbox"/> Asian	<input type="checkbox"/> Female	<input type="checkbox"/> Native American	<input type="checkbox"/> OTHER minority/disadvantaged—	

Contractor Selection Method

<input checked="" type="checkbox"/> RFP	<input type="checkbox"/> Competitive Negotiation	<input type="checkbox"/> Alternative Competitive Method
<input type="checkbox"/> Non-Competitive Negotiation	<input type="checkbox"/> Government	<input type="checkbox"/> Other

Procurement Process Summary

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**AMENDMENT ONE
TO CONTRACT NUMBER FA-07-20600-00**

This Contract, by and between the State of Tennessee, Department of Finance and Administration, hereinafter referred to as the State, and BlueCross BlueShield of Tennessee, Inc., hereinafter referred to as the Contractor, is hereby amended as follows:

1. Delete Section A., first five un-numbered paragraphs of the Scope of Services only, in its entirety and insert the following in its place:

A SCOPE OF SERVICES

The Contractor agrees to provide fully insured coverage, based upon the benefits provided for in the CoverKids Member Handbook, and the Contractor's medical necessity, utilization management and case management criteria to Participants. Contractor shall adhere to its standard administrative policies and procedures, including without limitation medical policies, claims administration procedures, provider reimbursement practices and grievance procedures, in administering its fully insured coverage. The State shall be the Contract holder, and the persons covered through the CoverKids program shall be Participants, who receive descriptions of the coverage in a Member Handbook (MH). When used in this Contract, the term "Member" shall have the same meaning as the term "Participant."

Participants are defined as:

Group One Children: Enrollees who are members of families with incomes between 150 percent and 250 percent of the Federal Poverty Level (FPL) as reported by the Administrative Contractor to the Contractor for the coverage period. Also included in this group are children from families with incomes greater than 250% of FPL and who pay monthly premiums.

Group Two Children: Enrollees who are members of families below 150 percent of FPL as reported by the Administrative Contractor to the Contractor for the coverage period.

Pregnant women for unborn children: Enrollees reported by the Administrative Contractor as being qualified due to having met the CoverKids income standard and having responsibility for an unborn child. Also included in this category are female enrollees, regardless of income, in the State's CoverTN program who become pregnant while enrolled in such coverage. Further included in this category are pregnant women who access coverage for their unborn children through the payment of a one-time premium (from CoverKids' families with incomes in excess of 250% of FPL).

AI/AN¹ Children: Enrollees who are (a) certified AI/AN and (b) members of families with incomes less than or equal to 250 percent of the FPL, as reported by the Administrative Contractor to the Contractor for the coverage period.

Pregnant AI/AN women for unborn children: Enrollees reported by the Administrative Contractor as being qualified due to (a) having met the CoverKids income standard, (b) having responsibility for an unborn child, and (c) certification as AI/AN.

¹ Pursuant to the CoverKids State Plan and as required by Federal law, American Indian and Alaska Native individuals (individually or collectively, "AI/AN"), as defined by the Indian Health Care Improvement Act of 1976 and certified by the Administrative Contractor, will be exempt from all cost sharing to the extent that such children are covered by SCHIP.

2. Delete Section C.3.a. in its entirety and insert the following in its place:

C.3.a. **Premiums.** The State shall remit payment to the Contractor monthly for all services under this Contract, at the premium amounts indicated below, based upon the number of Participants certified by the Administrative Contractor to the Contractor.

	2007	2008	2009
Group One Children (monthly) ¹	\$208.13	\$220.23	\$234.73
Group Two Children (monthly) ²	\$226.43	\$240.03	\$256.93
Unborn Child (benefit period) (current enrollee) ³	\$5,080.00	\$5,320.00	\$5,580.00
Unborn Child (benefit period) ⁴	\$5,490.00	\$5,780.00	\$6,110.00
AI/AN Children (monthly) ⁵	\$ 232.09	\$ 246.03	\$ 263.35
Unborn AI/AN Child (benefit period) ⁶	\$ 5,385.00	\$ 5,640.00	\$ 5,915.00

¹ Group One Children are defined as covered children who are in families with incomes at or above 150 percent of FPL.

² Group Two Children are defined as covered children who are in families with incomes below 150 percent of FPL and therefore subject to reduced copays.

³ Unborn Child (current enrollee) is defined as a female Participant who is enrolled currently in the CoverKids program and who becomes pregnant while enrolled.

⁴ Unborn Child is defined as any pregnant Participant not included in Unborn Child (current enrollee).

⁵ AI/AN Children are defined as covered children who are (a) certified AI/AN and (b) members of families with incomes less than or equal to 250 percent of the FPL, as reported by the Administrative Contractor to the Contractor for the coverage period.

⁶ Unborn AI/AN Child is defined as a female Participant who is reported by the Administrative Contractor as being qualified due to (a) having met the CoverKids income standard, (b) having responsibility for an unborn child, and (c) certification as AI/AN.

- (1) If this Contract is extended pursuant to Section B.2., the following shall apply. For services performed from January 1, 2010, through December 31, 2010, the Contractor shall be compensated based upon the premium amounts fixed in Section C.3, above but adjusted by the percentage increase, if any, between the Medical Care Cost Component of the Consumer Price Index for All Urban Consumers (CPI-U): U.S. city average, not seasonally adjusted, index base period: 1982-84=100) published by the United States Department of Labor, Bureau of Labor Statistics (or its successor index) in December 2009 and that figure published in the same month, 12-months prior.
- (2) If this Contract is extended a second time pursuant to Section B.2., the following shall apply. For services performed from January 1, 2011, through December 31, 2011, the Contractor shall be compensated based upon the premium fixed in Section C.3, above but adjusted by the percentage increase, if any, between the Medical Care Cost Component of the Consumer Price Index for All Urban Consumers (CPI-U): U.S. city average, not seasonally adjusted, index base period: 1982-84=100) published by the United States Department of Labor, Bureau of Labor Statistics (or its successor index) in December 2010 and that figure published in the same month, 12-months prior.
- (3) For the purpose of the payment amounts detailed in this Section, the premium for children and for low income children will be payable on a monthly basis for each month of coverage (a month is defined as the first day of a month to the last day of the month) and the benefit period for a pregnant woman will be defined as the 10 days prior to the date of the application through the sixtieth (60th) day following the delivery. The payment of the benefit period for the payment of the pregnant woman will be triggered by the birth of the child.

The parties agree and acknowledge that the addition of the AI/AN benefit plans shall be a post-contract benefit change that requires additional one-time administrative work (the "Additional Administrative Work") for the Contractor. Such Additional Administrative Work includes, without limitation, a new configuration plan, the creation of new benefit plans on the system, the drafting of a new Benefit Schedule for AI/AN to be included in the Member Handbook, development and issuance of new member ID cards, development of a new premium, updates to the billing system and updates to reporting packages. In exchange for Contract's provision of the Additional Administrative Work, the State agrees to pay a one-time fee of Fourteen Thousand Dollars (\$14,000.00), which amount will be added to the State's monthly bill next following the date of this Amendment.

The other terms and conditions of this contract not amended hereby shall remain in full force and effect.

IN WITNESS WHEREOF:

BLUECROSS BLUESHIELD OF TENNESSEE, INC.:

RONALD E. HARR, SENIOR VICE PRESIDENT

DATE

PRINTED NAME AND TITLE OF CONTRACTOR SIGNATORY

DEPARTMENT OF FINANCE AND ADMINISTRATION:

M. D. GOETZ, JR., COMMISSIONER

DATE

APPROVED:

DEPARTMENT OF FINANCE AND ADMINISTRATION:

M. D. GOETZ, JR., COMMISSIONER

DATE

COMPTROLLER OF THE TREASURY:

JOHN G. MORGAN, COMPTROLLER OF THE TREASURY

DATE

CONTRACT SUMMARY SHEET

8-8-01

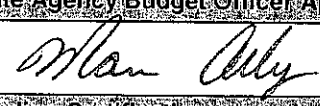

RFS # 350.50-044-07 350.50-045-07		Contract # FA-07-20600-00	
State Agency Dept. of Finance and Administration		State Agency Division Division of Insurance Administration	
Contractor Name Blue Cross Blue Shield of Tennessee, Inc.		Contractor ID # (FEIN or SSN) 62-0427913-01	
Service Description To provide statewide administrative services for the CoverKids program.			

Contract Begin Date February 13, 2007	Contract End Date December 31, 2009	SUBRECIPIENT or VENDOR? Vendor	CFDA # 93.767
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Mark "if Statement is TRUE"

<input checked="" type="checkbox"/> Contractor is on STARS as required	<input checked="" type="checkbox"/> Contractor's Form W-9 is on file in Accounts as required
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TOTAL	\$127,200,001	\$372,799,999			\$500,000,000

— COMPLETE FOR AMENDMENTS ONLY —			State Agency Fiscal Contact & Telephone #
FY	Base Contract & Prior Amendments	THIS Amendment ONLY	Maureen Abbey 20 th Floor, Tennessee Tower 615-741-6070
FY: 2007			State Agency Budget Officer Approval 
FY: 2008			
FY: 2009			
TOTAL			
End Date:			Funding Certification (certification required by T.C.A. § 9-4-5113 that there is a balance in the appropriation from which the obligated expenditure is required to be paid that is not otherwise encumbered to pay obligations previously incurred) 

Contractor Ownership

<input type="checkbox"/> African American	<input type="checkbox"/> Disabled	<input type="checkbox"/> Hispanic	<input type="checkbox"/> Small Business	<input checked="" type="checkbox"/> NOT minority/disadvantaged
<input type="checkbox"/> Asian	<input type="checkbox"/> Female	<input type="checkbox"/> Native American	<input type="checkbox"/> OTHER minority/disadvantaged—	

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Procurement Process Summary

4-18-07

APR 18 2007